

**COALITION FOR A BETTER TOMORROW, INC.'S
COOPERATIVE ENDEAVOR AGREEMENT GRANT
BATON ROUGE, LOUISIANA
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
YEAR ENDED JUNE 30, 1997**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **OCT 15 1997**

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BURRIS, McKEY & O'BRIEN

A Professional Corporation of Certified Public Accountants

Michael B. Burris
Timothy P. McKey
Sandra G. O'Brien

Independent Auditors' Report

Board of Advisors
Coalition for A Better Tomorrow, Inc.'s
Cooperative Endeavor Agreement Grant
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of Coalition for A Better Tomorrow, Inc.'s (a nonprofit Organization) Cooperative Endeavor Agreement Grant as of June 30, 1997, and the related statements of activities and cash flows for the year ended June 30, 1997, pursuant to the Cooperative Endeavor Agreement Grant, described in Note 1, between the Organization and the State of Louisiana Governor's Office of Urban Affairs and Development, dated June 30, 1997. These statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statements were prepared for the purpose of complying with the provisions of the Cooperative Endeavor Agreement Grant as described in Note 1 and are not intended to be a complete presentation of the Organization's financial position.

In our opinion, the statement of financial position as of June 30, 1997, and the related statements of activities and cash flows for the year ended June 30, 1997, referred to above present fairly, in all material respects, the financial position of Coalition for A Better Tomorrow, Inc.'s Cooperative Endeavor Agreement Grant for the year ended June 30, 1997, in accordance with generally accepted accounting principles.

We have also issued separate reports dated September 30, 1997, on the internal control structure and compliance with laws and regulations of the Cooperative Endeavor Agreement Grant, as required by *Government Auditing Standards*, issued by the Comptroller General of the United States.

Burris, McKey & O'Brien
September 30, 1997

EXHIBIT A

**COALITION FOR A BETTER TOMORROW, INC.'S
COOPERATIVE ENDEAVOR AGREEMENT GRANT
BATON ROUGE, LOUISIANA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1997**

GRANT ASSETS

Cash	\$1,266
Equipment, net of depreciation of \$675.	<u>1,316</u>
Total Grant Assets	<u><u>\$2,582</u></u>

GRANT LIABILITIES

Accounts payable	\$1,500
Due to other funds	<u>823</u>
	2,323

NET GRANT ASSETS (EXHIBIT B)

Restricted	<u>259</u>
Total Grant Liabilities and Net Grant Assets	<u><u>\$2,582</u></u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT B

**COALITION FOR A BETTER TOMORROW, INC.'s
COOPERATIVE ENDEAVOR AGREEMENT GRANT
BATON ROUGE, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1997**

GRANT REVENUE

Grant from governmental agency	\$30,000
Return of excess funds from prior year, net	(5,328)
	<hr/>
Total net revenue	24,672

GRANT EXPENSES

Program services:

Stipends	14,000
Supplies	2,439
Awards and honorariums	3,003
Advertisement	1,036
Rental	236
Miscellaneous	69
Subtotal	<hr/> 20,783

Management and general:

Stipends	4,890
Insurance	1,478
Postage	172
Printing and duplicating	540
Board meeting expenses	46
Depreciation	398
Professional membership dues	25
Legal and accounting fees	3,344
Miscellaneous	551
Subtotal	<hr/> 11,444

Total expenses	<hr/> 32,227
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INCREASE (DECREASE) IN NET GRANT ASSETS	(7,555)
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NET GRANT ASSETS AT BEGINNING OF YEAR	<hr/> 7,814
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NET GRANT ASSETS AT END OF YEAR	<hr/> <hr/> \$259
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The accompanying notes are an integral part of these financial statements.

**COALITION FOR A BETTER TOMORROW, INC.'S
COOPERATIVE ENDEAVOR AGREEMENT GRANT
BATON ROUGE, LOUISIANA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1997**

CASH FLOWS FROM OPERATING GRANT ACTIVITIES :

Change in net grant assets	<u>(\$7,555)</u>
Adjustments to reconcile changes in net grant assets to net cash provided by operating activities	
Depreciation	398
Increase in accounts payable	1,500
Increase in due to other funds	<u>823</u>
Net adjustment	<u>2,721</u>
Cash flow provided (used) by operating activities	(4,834)

CASH FLOWS FROM INVESTING GRANT ACTIVITIES

Purchase of equipment	<u>0</u>
Cash flow used by investing activities	<u>0</u>

NET DECREASE IN GRANT CASH AND CASH EQUIVALENTS	(4,834)
GRANT CASH AND CASH EQUIVALENTS, BEGINNING	<u>6,100</u>
GRANT CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$1,266</u></u>

The accompanying notes are an integral part of these financial statements.

**COALITION FOR A BETTER TOMORROW, INC.'S
COOPERATIVE ENDEAVOR AGREEMENT GRANT
BATON ROUGE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1997**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Nature of Organization

Coalition for A Better Tomorrow, Inc. (the Organization), is a nonprofit corporation organized on July 28, 1994, under Louisiana Nonprofit Corporation laws.

The Organization was formed to foster a partnership between the public and private sectors to serve educationally and economically disadvantaged youth in the Baton Rouge Metropolitan area and to implement programs that improve the academic skills of these youth and their prospects for employment or college entrance after secondary school.

b. Basis of Presentation

The accompanying financial statements for the Organization's Cooperative Endeavor Agreement Grant (the Grant) have been prepared on the accrual basis, in conformity with generally accepted accounting principles (GAAP). These financial statements are not intended to be a complete representation of the financial statements of the Organization.

c. Description of Grant

The Grant provides youth advocacy and direct services to aid children and young adults and their families. The comprehensive program promotes academic success, personal development, parental involvement, and service activities. The program services and benefits Louisiana youth, with particular focus in the Baton Rouge area.

d. Fund Accounting

The assets and liabilities of the Grant are reported in a self-balancing fund group called current funds. Current grant funds are operating funds that will be expended in the near term.

e. Income Taxes

Coalition for A Better Tomorrow, Inc. qualifies as a tax-exempt organization other than a private foundation under Section 501(c)(3) of the Internal Revenue Code and comparable Louisiana law. Accordingly, no provision for income taxes has been made in these financial statements covering the Grant activities.

f. Cash

Cash includes demand deposits.

**COALITION FOR A BETTER TOMORROW, INC.'S
COOPERATIVE ENDEAVOR AGREEMENT GRANT
BATON ROUGE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1997**

2. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. CASH

At June 30, 1997, the Grant had cash totaling \$1,266, in a noninterest-bearing demand account. The deposits are stated at cost, which approximates market and are fully secured by federal deposit insurance.

4. PROPERTY ASSETS AND DEPRECIATION

Property assets are those assets used in the operations of the Grant. They are recorded at cost or, if donated, at the estimated fair market value at the date of donation.

Depreciation is recorded using the straight-line method at various rates calculated to allocate the cost of the respective items over their estimated useful lives.

5. BOARD OF ADVISORS

The management of the Organization is vested in a Board of Advisors consisting of eleven members who serve without compensation. The Board of Advisors oversees the administration of the Grant.

6. RETURN OF EXCESS GRANT FUNDS

The remaining Grant funds under the 1995-1996 Cooperative Endeavor Agreement Grant with the Governor's Office of Urban Affairs and Development totaling \$6,100 were carried forward at June 30, 1996. These funds were being used to fund continued program activities approved in the subsequent year's agreement. Officials of the awarding agency were aware of the continued use of these funds. However, the written agreement stipulates that the agreement terminated on June 30, 1996. Therefore, the remaining funds in the amount of \$5,328, net of a reimbursement due the Grant, were returned the awarding agency during the year ended June 30, 1997.

BURRIS, McKEY & O'BRIEN

A Professional Corporation of Certified Public Accountants

Independent Auditor's Report on Internal Control Structure
Based on An Audit of Financial Statements In Accordance
With Government Auditing Standards

Michael B. Burris
Timothy P. McKey
Sandra G. O'Brien

Board of Advisors
Coalition for A Better Tomorrow, Inc.'s
Cooperative Endeavor Agreement Grant
Baton Rouge, Louisiana

We have audited the financial statements of the Coalition for A Better Tomorrow, Inc.'s Cooperative Endeavor Agreement Grant, as of and for the year ended June 30, 1997, and have issued our report thereon dated September 30, 1997.

We conducted our audits in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Coalition for A Better Tomorrow, Inc.'s Cooperative Endeavor Agreement Grant is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Coalition for A Better Tomorrow, Inc.'s Cooperative Endeavor Agreement Grant for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

Board of Advisors
Coalition for A Better Tomorrow, Inc.'s
Cooperative Endeavor Agreement Grant
Baton Rouge, Louisiana
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We noted other matters involving the internal control structure and its operation that we have reported to the management of the Coalition for A Better Tomorrow, Inc.'s Cooperative Endeavor Agreement Grant in a separate letter dated September 30, 1997.

This report is intended for the information of the Legislative Auditor, the Board of Advisors, management, and the Governor's Office of Urban Affairs and Development. However, this report is a matter of public record, and its distribution is not limited.

Burns, Mckey & O'Brien
September 30, 1997

BURRIS, McKEY & O'BRIEN

A Professional Corporation of Certified Public Accountants

Michael B. Burris
Timothy P. McKey
Sandra G. O'Brien

Independent Auditor's Report on Compliance
Based on An Audit of Financial Statements In Accordance
With Government Auditing Standards

Board of Advisors
Coalition for A Better Tomorrow, Inc.'s
Cooperative Endeavor Agreement Grant
Baton Rouge, Louisiana

We have audited the financial statements of the Coalition for A Better Tomorrow, Inc.'s Cooperative Endeavor Agreement Grant as of and for the year ended June 30, 1997, and have issued our report thereon dated September 30, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Coalition for A Better Tomorrow, Inc.'s Cooperative Endeavor Agreement Grant is the responsibility of Coalition for A Better Tomorrow, Inc.'s Cooperative Endeavor Agreement Grant management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Coalition for A Better Tomorrow, Inc.'s Cooperative Endeavor Agreement Grant compliance with certain provisions of laws, regulation, contracts, and grants. However, providing an opinion on overall compliance with such provisions was not an objective of our audit of the financial statements. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of the Legislative Auditor, the Board of Advisors, management, and the Governor's Office of Urban Affairs and Development. However, this report is a matter of public record, and its distribution is not limited.


September 30, 1997

BURRIS, McKEY & O'BRIEN

A Professional Corporation of Certified Public Accountants

Michael B. Burris
Timothy P. McKey
Sandra G. O'Brien

September 30, 1997

Coalition for A Better Tomorrow, Inc.'s
Cooperative Endeavor Agreement Grant
5244 Monarch Drive
Baton Rouge, LA 70811-5626

In planning and performing our audit of the financial statements of the Coalition for A Better Tomorrow, Inc.'s Cooperative Endeavor Agreement Grant (the Grant) for the year ended June 30, 1997, we considered the Grant's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated September 30, 1997, on the financial statements of the Coalition for A Better Tomorrow, Inc.'s Cooperative Endeavor Agreement Grant.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,


Burris, McKey & O'Brien

Management letter points

Prior Year Comments

In the prior year we noted that the internal control contained no authorization procedures for transactions conducted by the administrative directors and that excess grant funds had not been returned in accordance with laws and regulations governing such monies. The Organization endeavored to implement the recommended changes in the internal control structure as well as to comply with the laws and regulations governing the grant funds in accordance with the requirements of the Governor's Office Urban Affairs and Development regulations. The following two items further discuss the implementation of these issues.

Separation of Duties

Although the small size of the Organization's staff limits the extent of separation of duties, we believe certain steps could be taken to separate incompatible duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

It is our understanding that the bank statements are now being delivered to a board member unopened and reviewed by that board member prior to being returned to the administrator. However, we recommend that the board member opening and reviewing the bank statement either initial or somehow identify that the statement has been reviewed.

Return of Excess Grant Funds

It appears that the amount of money refunded to the Governor's Office of Urban Affairs and Development from the \$25,000 grant was greater than the actual amount due. At June 30, 1996, the Grant had unexpended funds of \$6,100. The amount refunded included \$666 of unrestricted funds received from other sources. We believe that the Grant may be entitled to a refund of \$666. We do not foresee this as a problem in the future due to the physical segregation of grant funds through separate checking accounts.